GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3328
ANSWERED ON:26.04.2007
PROFIT SHARING RATIO
Maharia Shri Subhash

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

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(a) whether Twelfth Finance Commission has recommended 50:50 ratio for profit petroleum share;

(b) if so, the details thereof;

(c) the details of petroleum Mining States which have raised the issue of sharing profit petroleum respective of the fact that blocks have been allotted through Joint Venture New Exploration Licensing Policy and action thereon;

(d) the time by which the commercial production of oil and natural gas from Barmer- Sanchar will be started;

(e) the detailed estimated `Profit Petroleum` from these fields and share of Rajasthan;

(f) whether these sharing will be irrespective of fact that block have been allotted through J.V. or NELP; and

(g) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL):

(a) and (b) Yes, Sir. The Central Government has accepted the recommendations of the Twelfth Finance Commission to share Profit Petroleum (PP) and Production Level Payment (PLP) arising out of contracts under the New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) Policy with the concerned States in the ratio of 50:50 subject to the condition that this should be within the overall ceiling of transfers recommended by the Twelfth Finance Commission (38% of gross revenue). However, this profit sharing will not be applicable for pre-NELP and Joint Venture blocks.

(c) After the acceptance of the recommendations of the Twelfth Finance Commission by the Central Govern ment, the State Government of Rajasthan had represented to extend sharing of profit petroleum of 50:50 with respect to pre-NELP/Joint Venture blocks.

(d) The commercial production of oil and gas from Barmer-Sanchar basin is likely to start in 2008-09.

(e) to (g) `Profit Petroleum` depends on the development costs and value of the production which will accrue from these fields. There will be no sharing of Profit Petroleum with the State Government concerned from pre-NELP/J.V. blocks.